

Internal Revenue bulletin

Bulletin No. 2000-45
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HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

INCOME TAX

Rev. Rul. 2000-50, page 462.

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term exempt rate. For purposes of sections 1274, 1288, 382, and other sections of the Code, tables set forth the rates for November 2000.

ESTATE TAX

REG-106511-00, page 465.

Proposed regulations under sections 6075 and 6081 of the Code provide guidance to executors of decedents' estates

on how to properly file for an automatic 6-month extension of time to file an estate tax return (Form 706). A public hearing is scheduled for January 24, 2001.

TAX CONVENTIONS

Announcement 2000-89, page 467.

The United States recently exchanged instruments of ratification for a new income tax treaty with Ukraine. This announcement provides supplemental tables of withholding tax rates and exempt personal service income for Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, and Publication 901, *U.S. Tax Treaties*.

Finding Lists begin on page ii.
Index for July through October begins on page iv.



Department of the Treasury
Internal Revenue Service

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities

and by applying the tax law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and proce-

dures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The first Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the first Bulletin of the succeeding semiannual period, respectively.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page .

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page .

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page.

Section 467.—Certain Payments for the Use of Property or Services

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page.

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, on this page.

Section 1274.—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also sections 42, 280G, 382, 412, 467, 468, 482, 483, 642, 807, 846, 1288, 7520, 7872.)

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term exempt rate. For purposes of sections 1274, 1288, 382, and other sections of the Code, tables set forth the rates for November 2000.

Rev. Rul. 2000–50

This revenue ruling provides various prescribed rates for federal income tax purposes for November 2000 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(2) for buildings placed in service during the current month. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 2000-50 TABLE 1				
Applicable Federal Rates (AFR) for November 2000				
<i>Period for Compounding</i>				
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	6.15%	6.06%	6.01%	5.98%
110% AFR	6.78%	6.67%	6.62%	6.58%
120% AFR	7.40%	7.27%	7.21%	7.16%
130% AFR	8.04%	7.88%	7.80%	7.75%
<i>Mid-Term</i>				
AFR	6.01%	5.92%	5.88%	5.85%
110% AFR	6.62%	6.51%	6.46%	6.42%
120% AFR	7.23%	7.10%	7.04%	7.00%
130% AFR	7.85%	7.70%	7.63%	7.58%
150% AFR	9.08%	8.88%	8.78%	8.72%
175% AFR	10.63%	10.36%	10.23%	10.14%
<i>Long-Term</i>				
AFR	6.09%	6.00%	5.96%	5.93%
110% AFR	6.71%	6.60%	6.55%	6.51%
120% AFR	7.33%	7.20%	7.14%	7.09%
130% AFR	7.95%	7.80%	7.73%	7.68%

REV. RUL. 2000-50 TABLE 2				
Adjusted AFR for November 2000				
<i>Period for Compounding</i>				
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term				
adjusted AFR	4.39%	4.34%	4.32%	4.30%
Mid-term				
adjusted AFR	4.63%	4.58%	4.55%	4.54%
Long-term				
adjusted AFR	5.39%	5.32%	5.29%	5.26%

REV. RUL. 2000-50 TABLE 3	
Rates Under Section 382 for November 2000	
Adjusted federal long-term rate for the current month	5.39%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	5.41%

REV. RUL. 2000-50 TABLE 4	
Appropriate Percentages Under Section 42(b)(2) for November 2000	
Appropriate percentage for the 70% present value low-income housing credit	8.42%
Appropriate percentage for the 30% present value low-income housing credit	3.61%

REV. RUL. 2000–50 TABLE 5

Rate Under Section 7520 for November 2000

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest

7.2%

Section 1288.—Treatment of Original Issue Discounts on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, page 462.

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, page 462.

Section 7872.—Treatment of Loans With Below-Market Interest Rates

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2000. See Rev. Rul. 2000–50, page 462.

Part IV. Items of General Interest

Notice of Proposed Rulemaking and Notice of Public Hearing

Estate Tax Return; Form 706, Extension To File

REG-106511-00

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations relating to the filing of an application for an automatic 6-month extension of time to file an estate tax return (Form 706). The proposed regulations provide guidance to executors of decedents' estates on how to properly file the application for the automatic extension. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written and electronic comments must be received by January 19, 2001. Outlines of topics to be discussed at the public hearing scheduled for January 24, 2001, at 10 a.m., must be received by January 3, 2001.

ADDRESSES: Send submissions to: CC:M&SP:RU (REG-106511-00), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may also be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:M&SP:RU (REG-106511-00), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically via the internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS internet site at <http://www.irs.gov/taxregs/reglist.html>. The public hearing will be held in Room 4716, Internal Revenue Service Building, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Mary A. Berman, (202) 622-3090;

concerning submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing, LaNita Van Dyke, (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collection of information contained in this notice of proposed rulemaking has been submitted to the Office of Management and Budget for review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)). Comments on the collection of information should be sent to the **Office of Management and Budget**, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the **Internal Revenue Service**, Attn: IRS Reports Clearance Officer, W:CAR:MP:FP:S:O, Washington, DC 20224. Comments on the collection of information should be received by December 19, 2000. Comments are specifically requested concerning:

Whether the proposed collection of information is necessary for the proper performance of the functions of the Internal Revenue Service, including whether the information will have practical utility;

The accuracy of the estimated burden associated with the proposed collection of information (see below);

How the quality, utility, and clarity of the information to be collected may be enhanced;

How the burden of complying with the proposed collection of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of service to provide information.

The collection of information in this proposed regulation is in §20.6081-1(b). To receive an extension of time to file an estate tax return, the executor of a decedent's estate must file Form 4768, "Application for Extension of Time To File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes."

This information is required to obtain a benefit (an automatic 6-month extension of time to file an estate tax return). The collection of information is mandatory if the extension is requested. The likely respondents are executors of decedents' estates.

The reporting burden contained in §20.6081-1(b) is reflected in the burden of Form 4768, "Application for Extension of Time To File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes."

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax information are confidential, as required by 26 U.S.C. 6103.

Background

In 1970, Congress amended section 6075(a) to provide that the Federal estate tax return is to be filed within 9 months after the date of the decedent's death. Section 6081(a) provides that the Secretary may grant a reasonable extension of time for filing any return; however, except in the case of taxpayers who are abroad, no such extension may be for more than 6 months.

Under the current regulations, the district director or the service center has the discretion to grant an extension of time to file an estate tax return upon a showing of "good and sufficient cause." Except in the case of executors who are abroad, the extension may not be granted for more than 6 months. Requests for an extension of time to file are made by completing Form 4768, "Application for Extension of Time To File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes." Upon receipt of a Form 4768, the IRS reviews the application, makes a determination, and notifies the applicant as to whether an extension is approved and, if so, the length of the extension.

In 1998, 110,100 estate tax returns were filed. In a significant number of these cases, the executors requested an extension of time to file. A majority of the applications requested and received the maximum 6-month extension allowed by the statute and the regulations. The IRS and the Treasury Department believe that executors of decedents' estates would benefit from the certainty created by an automatic 6-month extension of time to file Form 706 and that it is appropriate to provide for the extension.

Explanation of Provisions

Under the proposed regulations the executor of a decedent's estate will be allowed an automatic 6-month extension of time to file Form 706, "United States Estate (and Generation-Skipping Transfer) Tax Return," beyond the 9 months provided for by section 6075(a). The application for the automatic extension must be submitted on Form 4768 (or in any other manner as may be prescribed by the Commissioner). The application must be filed with the IRS on or before the date prescribed by section 6075(a) for filing the Form 706 and it must include an estimate of the full amount of tax due. The automatic extension of time does not apply to filers of Forms 706-A, 706-D or 706-NA who will continue to use Form 4768 to request extensions of time to file and pay estate taxes. The automatic extension of time also does not apply to filers of Form 706-QDT who will continue to request any extension of time as provided in the instructions for Form 706-QDT. The proposed regulations continue to permit executors who are abroad to request extensions beyond the automatic 6-month period.

A return as complete as possible must be filed before the expiration of the automatic 6-month extension period. The return as filed will be the return required by section 6018(a)(1). An extension of time for filing the return does not operate to extend the time for payment of the tax.

The proposed regulations also revise §20.6075-1 to conform to the changes proposed in §20.6081-1.

Special Analysis

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Exec-

utive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because these regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, the regulations will be submitted to the Small Business Administration for comment on their impact on small business.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written (a signed original and eight (8) copies) or electronic comments that are submitted timely (in the manner described in ADDRESSES) to the IRS. Treasury and the IRS specifically request comments on the clarity of the proposed regulations and how they can be made easier to understand. All comments will be available for public inspection and copying.

A public hearing has been scheduled for January 24, 2001, at 10 a.m. in Room 4716, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC. Due to building security procedures, visitors must enter at the 10th Street entrance, located between Constitution and Pennsylvania Avenues, NW. In addition, all visitors must present photo identification to enter the building. Because of access restrictions, visitors will not be admitted beyond the immediate entrance area more than 15 minutes before the hearing starts. For information about having your name placed on the building access list to attend the hearing, see the "FOR FURTHER INFORMATION CONTACT" section of this preamble.

The rules of 26 CFR 601.601(a)(3) apply to the hearing.

Persons that wish to present oral comments at the hearing must submit comments by January 3, 2001, and submit an outline of the topics to be discussed and the time to be devoted to each topic (signed original and eight (8) copies) by January 3, 2001. A period of 10 minutes will be allotted to each person for making

comments. An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

Drafting Information

The principal author of these proposed regulations is Mary A. Berman, Office of the Associate Chief Counsel (Passthroughs and Special Industries), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

* * * * *

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 20 is proposed to be amended as follows:

PART 20—ESTATE TAX; ESTATES OF DECEDENTS DYING AFTER AUGUST 16, 1954

Paragraph 1. The authority citation for part 20 is amended by adding an entry in numerical order to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Section 20.6081-1 also issued under 26 U.S.C. 6081(a). * * *

Par. 2. Section 20.6075-1 is revised to read as follows:

§20.6075-1 Returns; time for filing estate tax return.

The estate tax return required by section 6018 must be filed on or before the due date. The due date is the date on or before which the return is required to be filed in accordance with the provisions of section 6075(a) or the last day of the period covered by an extension of time as provided in §20.6081-1. The due date, for a decedent dying after December 31, 1970, is, unless an extension of time for filing has been obtained, the day of the ninth calendar month after the decedent's death numerically corresponding to the day of the calendar month on which death occurred, except that, if there is no numerically corresponding day in such ninth month, the last day of the ninth month is the due date. For example, if the decedent dies on July 31, 2000, the estate tax return and tax payment must be made on or before April 30, 2001. When the due date falls on Saturday, Sunday, or a legal holi-

day, the due date for filing the return is the next succeeding day that is not Saturday, Sunday, or a legal holiday. For the definition of a legal holiday, see section 7503 and §301.7503-1 of this chapter. As to additions to the tax in the case of failure to file the return or pay the tax within the prescribed time, see section 6651 and §301.6651-1 of this chapter. For rules with respect to the right to elect to have the property valued as of a date or dates subsequent to the decedent's death, see section 2032 and §20.2032-1, and section 7502 and §301.7502-1 of this chapter. This section applies to estates of decedents dying after August 16, 1954.

Par. 3. Section 20.6081-1 is revised to read as follows:

§20.6081-1 Extension of time for filing the return.

(a) *Extensions of time for good cause shown.* Where it is impossible or impracticable to file a reasonably complete return within the time prescribed by statute, the person required to file the return may request an extension of time for filing. Except as provided in paragraph (b) of this section, an extension of time for filing an estate tax return is not automatic and is within the discretion of the Internal Revenue Service. Unless the person required to file the return is abroad, an extension may not be granted for more than 6 months from the filing date prescribed by statute. Requests for an extension of time for filing are made by submitting Form 4768, "Application for Extension of Time To File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes." The application must contain a full recital of the causes for the delay. It should be filed with the Internal Revenue Service office designated in the application's instructions (except as provided in §301.6091-1(b) of this chapter for hand-carried documents). The application should, where possible, be filed sufficiently early to permit the Internal Revenue Service time to consider the matter and reply before what otherwise would be the due date of the return. Failure to file the application before the expiration of the time within which the return otherwise must be filed may indicate negligence and constitute sufficient cause for denial of the extension.

(b) *Automatic extension*—(1) *Application for extension.* Executors who are required to file Form 706, "United States Estate (and Generation-Skipping Transfer) Tax Return," may request an automatic 6-month extension of time beyond the date prescribed in section 6075(a) for filing the return by submitting Form 4768, "Application for Extension of Time To File a Return and/or Pay U. S. Estate (and Generation-Skipping Transfer) Taxes." An automatic extension will be allowed if—

(i) The application is filed on or before the date prescribed in section 6075(a) for filing the return;

(ii) The application is filed with the Internal Revenue Service office designated in the application's instructions (except as provided in §301.6091-1(b) of this chapter for hand-carried documents); and

(iii) The application includes an estimate of the amount of estate and generation-skipping transfer tax liability with respect to the estate.

(2) *Executors who are abroad.* If an executor who is abroad has received an automatic 6-month extension, the executor may request an additional extension of time by following the procedures in paragraph (a) of this section.

(c) *Filing the return.* A return as complete as possible must be filed before the expiration of the extension period. The return thus filed will be the return required by section 6018(a), and any tax shown on the return will be the amount determined by the executor as the tax referred to in section 6161(a)(2), or the amount shown as the tax by the taxpayer upon the taxpayer's return referred to in section 6211(a)(1)(A). The return cannot be amended after the expiration of the extension period although supplemental information may subsequently be filed that may result in a finally determined tax different from the amount shown as the tax on the return.

(d) *Payment of the tax.* An extension of time for filing a return does not operate to extend the time for payment of the tax. See §20.6151-1 for the time for payment of the tax, and §§20.6161-1 and 20.6163-1 for extensions of time for payment of the tax.

(e) *Effective date.* This section applies to estates of decedents dying after August 16, 1954, except for paragraph (b) of this sec-

tion which applies to estate tax returns due after the date these regulations are published as a final regulation in the **Federal Register**.

Robert E. Wenzel,
Deputy Commissioner
of Internal Revenue.

(Filed by the Office of the Federal Register on October 19, 2000, 8:45 a.m., and published in the issue of the Federal Register for October 20, 2000, 65 F.R. 63025)

New U.S.-Ukraine Income Tax Treaty (Addition to Publications 515 and 901)

Announcement 2000-89

The United States recently exchanged instruments of ratification for a new income tax treaty with Ukraine. The provisions for taxes withheld on interest, dividends, and royalties are effective for amounts paid or credited on or after August 1, 2000. For other taxes, the provisions are effective for tax periods beginning on or after January 1, 2001.

Previously, residents of Ukraine were covered under the treaty between the United States and the former Soviet Union. A person entitled to benefits under that treaty can elect to have that treaty apply in its entirety for the first tax year for which the new treaty would otherwise apply. A person claiming benefits under Article III(1)(d) of the treaty between the United States and the former Soviet Union can elect to have the treaty apply in its entirety for the duration of the period of benefits provided by that subparagraph.

This announcement provides additions to Tables 1 and 2 in Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations (For Withholding in 2000)*, and Publication 901, *U.S. Tax Treaties*, to reflect the provisions of the new treaty. The footnotes in Publication 515 that relate to the column headings in these tables generally apply to this new treaty.

Table 1. Withholding Tax Rates on Income Other Than Personal Service Income Under Chapter 3, Internal Revenue Code, and Income Tax Treaties—For Withholding in 2000

Income code number		1	2	3	6	7	9	10	11	12	13	14
Country of residence of payee		Interest paid by U.S. obligors General	Interest on real property mortgages	Interest paid to controlling foreign corporations	Dividends paid by		Capital Gains	Industrial Royalties	Copyright royalties			Pensions and Annuities
Name	Code				U.S. Corporations General	U.S. subsidiaries to foreign parent corporations			Motion Pictures and Television	Other	Real Property Income and Natural Resources Royalties	
Ukraine	UP	^a 0	^{a,c} 0	^a 0	^{a,d} 15	^{a,d} 5	^{a,e} 0	^a 10	^a 10	^a 10	30	^b 0

^a Under the treaty the exemption or reduction in rate does not apply if the recipient has a permanent establishment in the United States and the property giving rise to the income is effectively connected with this permanent establishment. Exemption or reduction in rate also does not apply if the property producing the income is effectively connected with a fixed base in the United States from which the recipient performs independent personal services.

^b Exemption does not apply to U.S. Government (federal, state, or local) pensions and annuities; a 30% rate applies to these pensions and annuities.
^c Exemption or reduced rate does not apply to an excess inclusion for a residual interest in a real estate mortgage investment conduit (REMVIC).

^d The rate in column 6 applies to dividends paid by a regulated investment company (RIC). Dividends paid by a real estate investment trust (REIT) are subject to a 30% rate.
^e Gain on real or personal property attributable to a permanent establishment or a fixed base is subject to U.S. tax. See Publication 515 for when withholding is required.

Table 2. Compensation for Personal Services Performed in United States Exempt from Withholding and U.S. Income Tax Under Income Tax Treaties

Country (1)		Category of Personal Services		Maximum Presence in U.S. (4)	Required Employer or Payer (5)	Maximum Amount of Compensation (6)	Treaty Article Citation (7)
	Code (2)	Purpose (3)					
Ukraine	15	Scholarship or fellowship grant ¹		5 years ²	Any U.S. or foreign resident ³	No limit	20
	16	Independent personal services ^{4,6}		No limit	Any contractor	No limit	14
	17	Dependent personal services ^{3,6,8}		183 days	Any foreign resident	No limit	15
	19	Studying and training: Remittances or allowances ⁷		5 years ²	Any foreign resident	No limit	20

¹ Applies to grants, allowances, and other similar payments received for studying or doing research.
² The 5-year limit pertains only to training or research.
³ Grant must be from a nonprofit organization. The exemption also applies to amounts from either government.
⁴ Exemption does not apply to the extent income is attributable to the recipient's fixed U.S. base.

⁵ Fees paid to a resident of Ukraine for services as a director of a U.S. corporation are subject to U.S. tax, unless the services are rendered in Ukraine.
⁶ The exemption does not apply if the employee's compensation is borne by a permanent establishment (or a fixed base) that the employer has in the United States.
⁷ Does not apply to compensation for research work primarily for private benefit.

⁸ The exemption does not apply to income received for performing services in the United States as an entertainer or a sportsman. However, this income is exempt for U.S. income tax if the visit is (a) substantially supported by public funds of Ukraine, its political subdivisions, or local authorities, or (b) made under a specific arrangement agreed to by the governments of the treaty countries.

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it ap-

plies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in law or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in the new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the

new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.

E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign Corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.

PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statements of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

Numerical Finding List¹

Bulletins 2000–27 through 2000–44

Announcements:

2000–57, 2000–28 I.R.B. 115
2000–58, 2000–30 I.R.B. 135
2000–59, 2000–29 I.R.B. 120
2000–60, 2000–31 I.R.B. 149
2000–61, 2000–30 I.R.B. 136
2000–62, 2000–30 I.R.B. 137
2000–63, 2000–31 I.R.B. 149
2000–64, 2000–31 I.R.B. 149
2000–65, 2000–31 I.R.B. 150
2000–66, 2000–32 I.R.B. 160
2000–67, 2000–32 I.R.B. 160
2000–68, 2000–32 I.R.B. 161
2000–69, 2000–33 I.R.B. 183
2000–70, 2000–34 I.R.B. 204
2000–71, 2000–44 I.R.B. 456
2000–72, 2000–35 I.R.B. 226
2000–73, 2000–35 I.R.B. 230
2000–74, 2000–35 I.R.B. 230
2000–75, 2000–37 I.R.B. 268
2000–76, 2000–36 I.R.B. 260
2000–77, 2000–36 I.R.B. 260
2000–78, 2000–43 I.R.B. 428
2000–79, 2000–39 I.R.B. 303
2000–80, 2000–40 I.R.B. 320
2000–81, 2000–41 I.R.B. 348
2000–82, 2000–42 I.R.B. 385
2000–83, 2000–41 I.R.B. 348
2000–84, 2000–42 I.R.B. 385
2000–85, 2000–43 I.R.B. 429
2000–86, 2000–44 I.R.B. 456
2000–87, 2000–44 I.R.B. 457
2000–88, 2000–44 I.R.B. 460

Court Decisions:

2068, 2000–28 I.R.B. 109

Notices:

2000–33, 2000–27 I.R.B. 97
2000–34, 2000–33 I.R.B. 172
2000–35, 2000–29 I.R.B. 118
2000–36, 2000–33 I.R.B. 173
2000–37, 2000–29 I.R.B. 118
2000–38, 2000–33 I.R.B. 174
2000–39, 2000–30 I.R.B. 132
2000–40, 2000–30 I.R.B. 134
2000–41, 2000–33 I.R.B. 177
2000–42, 2000–39 I.R.B. 302
2000–43, 2000–35 I.R.B. 209
2000–44, 2000–36 I.R.B. 255
2000–45, 2000–36 I.R.B. 256
2000–46, 2000–37 I.R.B. 265
2000–48, 2000–37 I.R.B. 265
2000–49, 2000–37 I.R.B. 266
2000–50, 2000–38 I.R.B. 291
2000–51, 2000–38 I.R.B. 291
2000–52, 2000–38 I.R.B. 292
2000–53, 2000–38 I.R.B. 293
2000–54, 2000–42 I.R.B. 356
2000–55, 2000–43 I.R.B. 393
2000–56, 2000–43 I.R.B. 393
2000–57, 2000–43 I.R.B. 389

Proposed Regulations:

REG–209038–89, 2000–34 I.R.B. 191

Proposed Regulations—Continued

REG–246249–96, 2000–44 I.R.B. 439
REG–105316–98, 2000–27 I.R.B. 98
REG–110311–98, 2000–36 I.R.B. 258
REG–103805–99, 2000–42 I.R.B. 376
REG–105235–99, 2000–44 I.R.B. 447
REG–116495–99, 2000–33 I.R.B. 179
REG–103735–00, 2000–36 I.R.B. 258
REG–103736–00, 2000–36 I.R.B. 258
REG–108522–00, 2000–34 I.R.B. 187
REG–108553–00, 2000–44 I.R.B. 452
REG–112502–00, 2000–40 I.R.B. 316
REG–114697–00, 2000–43 I.R.B. 421

Railroad Retirement Quarterly Rate:

2000–28, I.R.B. 112
2000–29, I.R.B. 117
2000–42, I.R.B. 354

Revenue Procedures:

2000–28, 2000–27 I.R.B. 60
2000–29, 2000–28 I.R.B. 113
2000–30, 2000–28 I.R.B. 113
2000–31, 2000–31 I.R.B. 146
2000–32, 2000–33 I.R.B. 172
2000–33, 2000–36 I.R.B. 257
2000–34, 2000–34 I.R.B. 186
2000–35, 2000–35 I.R.B. 211
2000–36, 2000–37 I.R.B. 267
2000–37, 2000–40 I.R.B. 308
2000–38, 2000–40 I.R.B. 310
2000–39, 2000–41 I.R.B. 340
2000–40, 2000–42 I.R.B. 357
2000–41, 2000–42 I.R.B. 371
2000–42, 2000–43 I.R.B. 394
2000–43, 2000–43 I.R.B. 404
2000–44, 2000–43 I.R.B. 409
2000–45, 2000–43 I.R.B. 417
2000–46, 2000–44 I.R.B. 438

Revenue Rulings:

2000–32, 2000–27 I.R.B. 1
2000–33, 2000–31 I.R.B. 142
2000–34, 2000–29 I.R.B. 116
2000–35, 2000–31 I.R.B. 138
2000–36, 2000–31 I.R.B. 140
2000–37, 2000–32 I.R.B. 156
2000–38, 2000–32 I.R.B. 157
2000–39, 2000–34 I.R.B. 184
2000–40, 2000–35 I.R.B. 208
2000–41, 2000–36 I.R.B. 248
2000–42, 2000–39 I.R.B. 297
2000–43, 2000–41 I.R.B. 333
2000–44, 2000–41 I.R.B. 336
2000–45, 2000–41 I.R.B. 337
2000–46, 2000–41 I.R.B. 334
2000–47, 2000–37 I.R.B. 264
2000–48, 2000–42 I.R.B. 349
2000–49, 2000–44 I.R.B. 430

Treasury Decisions:

8886, 2000–27 I.R.B. 3
8888, 2000–27 I.R.B. 3
8889, 2000–30 I.R.B. 124
8890, 2000–30 I.R.B. 122
8891, 2000–32 I.R.B. 152
8892, 2000–32 I.R.B. 158
8893, 2000–31 I.R.B. 143
8894, 2000–33 I.R.B. 162

Treasury Decisions—Continued

8895, 2000–40 I.R.B. 304
8896, 2000–36 I.R.B. 249
8897, 2000–36 I.R.B. 234
8898, 2000–38 I.R.B. 276
8899, 2000–38 I.R.B. 288
8900, 2000–38 I.R.B. 279
8901, 2000–38 I.R.B. 272
8902, 2000–41 I.R.B. 323
8903, 2000–42 I.R.B. 352
8904, 2000–42 I.R.B. 350
8905, 2000–44 I.R.B. 435

¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2000–1 through 2000–26 is in Internal Revenue Bulletin 2000–27, dated July 3, 2000.

Finding List of Current Actions on Previously Published Items¹

Bulletins 2000–27 through 2000–44

Notices:

87–76

Obsoleted by
T.D. 8897, 2000–36 I.R.B. 234

88–24

Obsoleted by
T.D. 8897, 2000–36 I.R.B. 234

88–86

Obsoleted by
T.D. 8897 (section V), 2000–36 I.R.B. 234

2000–48

Superseded by
Rev. Proc. 2000–39, 2000–41 I.R.B. 340

Proposed Regulations:

LR–97–79

Partial withdrawal by
REG–103805–99, 2000–42 I.R.B. 376

FI–42–90

Withdrawn by
Announcement 2000–63, 2000–31 I.R.B. 149

IA–38–93

Withdrawn by
Announcement 2000–68, 2000–32 I.R.B. 161

REG–107644–98

Corrected by
Announcement 2000–66, 2000–32 I.R.B. 160

REG–108522–00

Corrected by
Announcement 2000–85, 2000–43 I.R.B. 428

Revenue Procedures:

88–23

Superseded by
Rev. Proc. 2000–35, 2000–35 I.R.B. 211

98–50

Modified and superseded by
Rev. Proc. 2000–31, 2000–31 I.R.B. 146

98–51

Modified and superseded by
Rev. Proc. 2000–31, 2000–31 I.R.B. 146

99–18

Modified by
Rev. Proc. 2000–29, 2000–28 I.R.B. 113

99–34

Superseded by
Rev. Proc. 2000–28, 2000–27 I.R.B. 60

99–49

Modified and amplified by
Rev. Proc. 2000–38, 2000–40 I.R.B. 310

2000–3

Amplified by
Rev. Proc. 2000–46, 2000–44 I.R.B. 438

2000–9

Superseded by
Rev. Proc. 2000–39, 2000–41 I.R.B. 340

Treasury Decisions:

8873

Corrected by
Announcement 2000–74, 2000–35 I.R.B. 230

8883

Corrected by
Announcement 2000–57, 2000–28 I.R.B. 115

8884

Corrected by
Announcement 2000–73, 2000–35 I.R.B. 230

8892

Corrected by
Announcement 2000–81, 2000–41 I.R.B. 348

¹ A cumulative list of current actions on previously published items in Internal Revenue Bulletins 2000–1 through 2000–26 is in Internal Revenue Bulletin 2000–27, dated July 3, 2000.

Index

Internal Revenue Bulletins 2000–27 Through 2000–44

The abbreviation and number in parenthesis following the index entry refer to the specific item; numbers in roman and italic type following the parenthesis refer to the Internal Revenue Bulletin in which the item may be found and the page number on which it appears.

Key to Abbreviations:

Ann	Announcement
CD	Court Decision
DO	Delegation Order
EO	Executive Order
PL	Public Law
PTE	Prohibited Transaction Exemption
RP	Revenue Procedure
RR	Revenue Ruling
SPR	Statement of Procedural Rules
TC	Tax Convention
TD	Treasury Decision
TDO	Treasury Department Order

EMPLOYEE PLANS

Accrued benefits, involuntary cash-out of (TD 8891) 32, 152

Cafeteria plans (Ann 65) 31, 150

Defined contribution retirement plans, nondiscrimination requirements (REG–114697–00) 43, 421

Determination letters:

- Amendments by plan sponsors (Ann 71) 44, 456
- Volume submitter plans (Ann 77) 36, 260

Elective deferrals, section 403(b) plans (RR 35) 31, 138

Form 1099–R, 2001, distribution codes for IRAs (Ann 86) 44, 456

Full funding limitations, weighted average interest rate for:

- July 2000 (Notice 40) 30, 134
- August 2000 (Notice 46) 37, 265
- September 2000 (Notice 42) 39, 302
- October 2000 (Notice 55) 43, 393

Letter rulings, determination letters, and information letters issued by the Office of Chief Counsel (Notice 35) 29, 118

Loans to plan participants (TD 8894) 33, 162; (REG–116495–99) 33, 179

Minimum funding standards:

- Change in funding method, by plan administrators, approval

EMPLOYEE PLANS— cont.

procedures (RP 41) 42, 371

Selected funding methods, changes to, approved (RP 40) 42, 357

New technologies in retirement plans, notices and consents (Ann 74) 35, 230

Nonqualified deferred compensation:

- Cash or deferred arrangements (RR 33) 31, 142
- State and local governments or tax-exempt organizations (Notice 38) 33, 174

Proposed Regulations:

- 26 CFR 1.72(p)–1, amended; loans to plan participants (REG–116495–99) 33, 179
- 26 CFR 1.401(a)(4)–8, revised; 1.401(a)(4)–9, amended; defined contribution retirement plans, nondiscrimination requirements (REG–114697–00) 43, 421

Protected benefits, direct rollover (RR 36) 31, 140

Prototype plans, automatic enrollment features (Ann 60) 31, 149

Qualified retirement plans, optional forms of benefit (TD 8900) 38, 279

Regulations:

- 26 CFR 1.72–17A, amended; 1.72(p)–1, added; loans to plan participants (TD 8894) 33, 162
- 26 CFR 1.411(d)–4, amended; qualified retirement plans, optional forms of benefit (TD 8900) 38, 279
- 26 CFR 31.3121(b)(7)–2, amended; accrued benefits, involuntary cash-out of (TD 8891) 32, 152
- 26 CFR 35.3405–1, correction; new technologies in retirement plans (Ann 74) 35, 230

EMPLOYMENT TAX

Comprehensive case resolution program (Notice 43) 35, 209

Electronically filed information returns, due dates of (TD 8895) 40, 304

Information reporting, payments on behalf of another person, to joint payees, and payments of gross proceeds from sales involving investment advisers (REG–246249–96) 44, 439

Nonqualified deferred compensation, state and local governments or tax-exempt organizations (Notice 38) 33, 174

EMPLOYMENT TAX— cont.

Proposed Regulations:

- 26 CFR 31.3406–0, amended; 31.3406(a)–2, revised; 31.3406(a)–4, amended; 31.3406(b)(3)–2, amended; 31.3406(d)–4, amended; 31.3406(h)–1, –2, amended; payments on behalf of another person, to joint payees, and payments of gross proceeds from sales involving investment advisers (REG–246249–96) 44, 439

Railroad retirement, rate determination, quarterly:

- April 1, 2000, 28, 112
- July 1, 2000, 29, 117
- October 1, 2000, 42, 354

Regulations:

- 26 CFR 31.3402(q)–1, revised; 31.6053–3, revised; 31.6071(a)–1, revised; electronically filed information returns, due dates of (TD 8895) 40, 304

ESTATE TAX

Actuarial tables for valuation of annuities, interests for life or term of years, and remainder or reversionary interests (TD 8886) 27, 3

Charitable remainder trusts sample forms, revision (Notice 37) 29, 118

Regulations:

- 26 CFR 20.2031–0, –7, amended; 20.2031–7T, removed; 20.7520–1, amended; 20.7520–1T, removed; actuarial tables for valuation of annuities, interests for life or term of years, and remainder or reversionary interests (TD 8886) 27, 3

EXCISE TAX

Taxable fuel, measurement of (Notice 33) 27, 97

Taxable substances, polyether polyol, determinations (Notice 54) 42, 356

EXEMPT ORGANIZATIONS

Forms:

- 8870, Information Return for Transfers

EXEMPT ORGANIZATIONS— cont.

Associated With Certain Personal Benefit Contracts (Ann 82) 42, 385
8871, Political Organization Notice of Section 527 Status (Notice 36) 33, 173
8872, Political Organization Report of Contributions and Expenditures (Notice 41) 33, 177
Internet usage (Ann 84) 42, 385
Letter rulings, determination letters, and information letters issued by the Office of Chief Counsel (Notice 35) 29, 118
List of organizations classified as private foundations (Ann 61) 30, 136; (Ann 67) 32, 160; (Ann 70) 34, 204; (Ann 75) 37, 268; (Ann 79) 39, 303; (Ann 87) 44, 457
Political organizations:
Contributions and expenditures, Form 8872 (Notice 41) 33, 177
Disclosure, notice, and reporting requirements (RR 49) 44, 430
Notice of section 527 status, Form 8871 (Notice 36) 33, 173
Proposed revenue ruling on reporting requirements (Ann 72) 35, 226
Revocations (Ann 62) 30, 137; (Ann 69) 33, 183

GIFT TAX

Actuarial tables for valuation of annuities, interests for life or term of years, and remainder or reversionary interests (TD 8886) 27, 3
Adequate disclosure, status of limitations (RP 34) 34, 186
Regulations:
26 CFR 25.2512-0, -5, amended; 25.2512-5T, removed; 25.7520-1, amended; 25.7520-1T, removed; actuarial tables for valuation of annuities, interests for life or term of years, and remainder or reversionary interests (TD 8886) 27, 3
26 CFR 25.2702-3, amended; special valuation rules, grantor retained annuity trust (GRAT) and unitrust (GRUT) (TD 8899) 38, 288
Special valuation rules, grantor retained annuity trust (GRAT) and unitrust (GRUT) (TD 8899) 38, 288

INCOME TAX

Acquisition of corporate indebtedness (RP 33) 36, 257
Actuarial tables for valuation of annuities, interests for life or term of years, and remainder or reversionary interests (TD 8886) 27, 3
Appeals:
Ex parte communication prohibition (RP 43) 43, 404
Toll-free numbers (Ann 80) 40, 320
Bad debt reserves of thrift institutions (Ann 63) 31, 149
Business expenses, traveling expenses, *per diem* allowances (RP 39) 41, 340
Capital gains look-thru provisions for the sale or exchange of interest in a pass-thru entity; rules for dividing the holding period of a partnership interest (TD 8902) 41, 323
Capitalization, business expenses, farming (Notice 45) 36, 256
Charitable remainder trusts sample forms, revision (Notice 37) 29, 118
Claims for certain income tax convention benefits, guidance on (TD 8889) 30, 124
Collateralized debt obligations (CDOs), reporting requirements (TD 8888) 27, 3
Comprehensive case resolution program (Notice 43) 35, 209
Consolidated returns:
Common parent, agent for subsidiaries, tentative carryback adjustments (REG-103805-99) 42, 376
Limitations on the use of certain credits (Ann 73) 35, 230
Controlled foreign corporations (REG-112502-00) 40, 316
Corporate reorganizations, continuity of interest (TD 8898) 38, 276
Corporations, disposition of stock in a taxable transaction (Ann 57) 28, 115
Credits:
Earned income; preparer due diligence (TD 8905) 44, 435
Enhanced oil recovery credit, 2000 inflation adjustment (Notice 51) 38, 291
Low-income housing credit:
Carryovers to qualified states, 2000 National Pool (RP 36) 37, 267
Satisfactory bond; "bond factor" amounts for the period July through September 2000 (RR 48) 42, 349

INCOME TAX—cont.

Renewable electricity production credit, 2000 inflation adjustment (Notice 52) 38, 292
Targeted Jobs Tax Credit, settlement initiative (Ann 58) 30, 135
Debt roll-ups, election to treat certain debt substitutions as realization events (RP 29) 28, 113
Deductions, travel expenses, *per diem* rates (Notice 48) 37, 265
Depletion, applicable percentages, oil and gas production (Notice 50) 38, 291
Distributor commissions (RP 38) 40, 310
Dual consolidated loss, dual resident corporation (RP 42) 43, 404
Earned income credit, preparer due diligence requirements (TD 8905) 44, 435
Electronically filed information returns, due dates of (TD 8895) 40, 304
Exclusion of gain from the sale or exchange of a taxpayer's principal residence (REG-105235-99) 44, 447
Foreign sales corporations, Form 1120-FSC, Schedule P (Notice 49) 37, 266
Foreign trusts:
Transfers of:
Appreciated property to certain foreign trusts (REG-108522-00) 34, 187; correction (Ann 85) 43, 429
Property to trusts with U.S. beneficiaries (REG-209038-89) 34, 191
Forms:
1040, *e-file* program (RP 31) 31, 146
1096, 1098, 1099, 5498, and W-2G, substitute forms specifications (RP 28) 27, 60
1099-R, 2001, distribution codes for IRAs (Ann 86) 44, 456
1120-FSC, Schedule P, foreign sales corporations (Notice 49) 37, 266
8869, Qualified Subchapter S Subsidiary Election, new form available (Ann 83) 41, 348
8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts (Ann 82) 42, 385
8871, Political Organization Notice of Section 527 Status (Notice 36) 33, 173
8872, Political Organization Report of Contributions and Expenditures (Notice 41) 33, 177
W-2, W-3; planned changes to (Ann 76) 36, 260

INCOME TAX—cont.

Fringe benefits, aircraft valuation formula (RR 40) 35, 208

Gross income, *de minimis* premiums, treatment of (RP 30) 28, 113

Individual retirement arrangements, returned or recharacterized contributions, net income calculation (Notice 39) 30, 132

Information reporting:

- Payments and reimbursements of qualified tuition and related expenses (REG-105316-98) 27, 98
- Payments on behalf of another person, to joint payees, and payments of gross proceeds from sales involving investment advisers (REG-246249-96) 44, 439

Information returns, magnetic media filing requirements (REG-105316-98) 27, 98

Insurance companies:

- Differential earnings rate and recomputed differential earnings rate for mutual life insurance companies (RR 37) 32, 156
- Foreign companies, minimum effectively connected net investment income (RP 32) 33, 172
- Loss payment patterns and discount factors for the 2000 accident year (RP 44) 43, 409
- Salvage discount factors for the 2000 accident year (RP 45) 43, 417

Interest:

Investment:

- Federal short-term, mid-term, and long-term rates for:
 - July 2000 (RR 32) 27, 1
 - August 2000 (RR 38) 32, 157
 - September 2000 (RR 41) 36, 248
 - October 2000 (RR 45) 41, 337

Rates:

- Underpayments and overpayments, quarter beginning October 1, 2000 (RR 42) 39, 297

Inventory:

- Dollar-value LIFO and inventory price index computation (IPIC) methods (Ann 66) 32, 160

LIFO:

- Price indexes, department stores, for:
 - May 2000 (RR 34) 29, 116
 - June 2000 (RR 39) 34, 184
 - July 2000 (RR 47) 37, 264
 - August 2000 (RR 46) 41, 334

INCOME TAX—cont.

Letter rulings, determination letters, and information letters issued by the Office of Chief Counsel (Notice 35) 29, 118

Like-kind exchanges, "parking" arrangements (RP 37) 40, 308

Loss deductions, challenge of, Blue Cross Blue Shield organizations (Notice 34) 33, 172

Marginal properties, oil and gas production, depletion, applicable percentages (Notice 50) 38, 291

Model rabbi trust, contribution of parent stock (Notice 56) 43, 393

Nonqualified preferred stock, exchanges and distributions (TD 8904) 42, 350

Partnerships:

- Addition to no-rule list (RP 46) 44, 438
- Transactions between partner and partnership (RR 44) 41, 336

Private foundations, organizations now classified as (Ann 61) 30, 136; (Ann 67) 32, 160; (Ann 70) 34, 204; (Ann 75) 37, 268; (Ann 79) 39, 303; (Ann 87) 44, 457

Proposed Regulations:

- 26 CFR 1.121-1, -2, -3, -4, revised; 1.121-5, removed; 1.1398-3, added; exclusion of gain from the sale or exchange of a taxpayer's principal residence (REG-105235-99) 44, 447
- 26 CFR 1.679-1, -2, -3, -4, -5, -6, -7, added; 1.958-1, -2, amended; foreign trusts with U.S. beneficiaries (REG-209038-89) 34, 191
- 26 CFR 1.684-1, -2, -3, -4, -5, added; tax on transfers of appreciated property to foreign trusts and foreign estates (REG-108522-00) 34, 187; correction (Ann 85) 43, 429
- 26 CFR 1.702-1, amended; 1.952-1, added; 1.954-1, -2, -3, -4, added; 1.956-2, added; controlled foreign corporations (REG-112502-00) 40, 316
- 26 CFR 1.1502-77 redesignated as 1.1502-77A; 1.1502-77, added; 1.1502-77T(a) redesignated as 1.1502-77A(e); 1.1502-77T, removed; 1.1502-78, amended; consolidated returns, common parent, agent for subsidiaries, tentative carryback adjustments (REG-103805-99) 42, 376

INCOME TAX—cont.

- 26 CFR 1.6011-4, amended; 301-6111-2, amended; 301-6112-1, amended; tax shelters, disclosure rules, registration and list maintenance requirements, additional guidance of (REG-110311-98, REG-103735-00, REG-103736-00) 36, 258

26 CFR 1.6041-1, -3, amended; 1.6045-1, -2, amended; 1.6049-4, revised; 5f.6045-1, removed; payments on behalf of another person, to joint payees, and payments of gross proceeds from sales involving investment advisers (REG-246249-96) 44, 439

26 CFR 1.6050S-0, -1, -2, added; 301.6011-2, amended; information reporting, payments and reimbursements of qualified tuition and related expenses (REG-105316-98) 27, 98

26 CFR 301.7701-7, amended; certain pension, employee benefit, and certain investment trusts classified as domestic trusts (REG-108553-00) 44, 452

Publications:

- 515, changes in tables 1 and 2 for Denmark treaty (Ann 59) 29, 120
- 901, changes in tables 1 and 2 for Denmark treaty (Ann 59) 29, 120
- 1212, supplemental information on short-term Treasury bills (Ann 64) 31, 149

Qualified transportation fringes, distribution of transit passes (Ann 78) 43, 428

Qualified zone academy bonds, guidance (TD 8903) 42, 352

Real estate mortgage investment conduits (REMICs), reporting requirements (TD 8888) 27, 3

Regulations:

- 26 CFR 1.1(h)-1, added; 1.741-1, amended; 1.1223-3, added; capital gains look-thru provisions for the sale or exchange of interest in a pass-thru entity; rules for dividing the holding period of a partnership interest (TD 8902) 41, 323
- 26 CFR 1.110-1, added; 1.602.101, amended; short-term leases, qualified lessee construction allowances for (TD 8901) 38, 272

INCOME TAX—cont.

- 26 CFR 1.162–12, amended;
 - 1.263A–0, –1, amended;
 - 1.263A–0T, removed; 1.263A–4, revised;
 - 1.263A–4T, removed;
 - 1.471–6, amended; uniform capitalization applied to farming business (TD 8897) 36, 234; correction (Ann 88) 44, 460
- 26 CFR 1.170A–12, amended;
 - 1.170A–12T, removed; 1.642(c)–6, amended; 1.642(c)–6T, removed;
 - 1.664–4, amended; 1.664–4T, removed;
 - 1.7520–1, amended;
 - 1.7520–1T, removed; actuarial tables for valuation of annuities, interests for life or term of years, and remainder or reversionary interests (TD 8886) 27, 3
- 26 CFR 1.351–2, amended; 1.354–1, amended; 1.355–1, amended; 1.356–7, added; 1.1036–1, amended; nonqualified preferred stock, exchanges and distributions (TD 8904) 42, 350
- 26 CFR 1.368–1, amended; 1.368–1T, removed; corporate reorganizations; continuity of interest (TD 8898) 38, 276
- 26 CFR 1.401(a)–20, amended;
 - 1.401(a)(4)–4, amended; 1.401(a)(26)–4, –6, amended; 1.411(a)–7, –11, amended; 1.411(a)–7T, –11T, removed; 1.411(d)–4, amended; 1.417(e)–1, amended; accrued benefits, involuntary cash-out of (TD 8891) 32, 152
- 26 CFR 1.472–8, correction; dollar-value LIFO regulations, inventory price index computation (IPIC) method (Ann 66) 32, 160
- 26 CFR 1.643(h)–1, amended;
 - 1.671–2(e), revised; 1.671–2T, removed; 1.672(f)–2, –3, –4, –5, amended; definition of grantor (TD 8890) 30, 122
- 26 CFR 1.894–1, revised; guidance regarding claims for certain income tax convention benefits (TD 8889) 30, 124
- 26 CFR 1.1032–3, correction; disposition of stock in a taxable transaction (Ann 57) 28, 115
- 26 CFR 1.1397E–1T redesignated as 1.1397E–1; 1.1397E–1, amended; qualified zone academy bonds, guidance (TD 8903) 42, 352

INCOME TAX—cont.

- 26 CFR 1.1502–3, correction; consolidated returns, limitations on the use of certain credits (Ann 73) 35, 230
- 26 CFR 1.6011–4T, amended; 301–6111–2T, amended; 301–6112–1T, amended; tax shelters, disclosure rules, registration and list maintenance requirements, additional guidance on (TD 8896) 36, 249
- 26 CFR 1.6012–7T, removed;
 - 1.6061–2T, removed; 1.6065–2T, removed; 602.101(c), amended; telefile voice signature test (TD 8892) 32, 158; correction (Ann 81) 41, 348
- 26 CFR 1.6041–2, –6, revised;
 - 1.6042–2, revised; 1.6043–2, revised; 1.6044–2, revised;
 - 1.6045–1, amended; 1.6045–2, –4, revised; 1.6047–1, revised;
 - 1.6049–4, amended; 1.6049–7, revised; 1.6050A–1, revised;
 - 1.6050D–1, revised; 1.6050E–1, revised; 1.6050H–2, revised;
 - 1.6050J–1T, revised; 1.6050P–1, revised; 1.6052–1, revised; electronically filed information returns, due dates of (TD 8895) 40, 304
- 26 CFR 1.6049–7, amended; real estate mortgage investment conduits; reporting requirements and other administrative matters (TD 8888) 27, 3
- 26 CFR 1.6695–1, amended;
 - 1.6695–1T, removed; requirement to retain copy of return or claim signed by preparer (TD 8893) 31, 143
- 26 CFR 1.6695–2, added; 1.6695–2T, removed; earned income credit, preparer due diligence requirements (TD 8905) 44, 435
- 26 CFR 301.6651–1, amended; electronically filed information returns, due date of (TD 8895) 40, 304
- 26 CFR 602.101, amended; capital gains look-thru provisions for the sale or exchange of interest in a pass-thru entity; rules for dividing the holding period of a partnership interest (TD 8902) 41, 323
- 26 CFR 602.101, amended; earned income credit, preparer due diligence requirements (TD 8905) 44, 435
- Retention of return or claim signed by tax preparer (TD 8893) 31, 143

INCOME TAX—cont.

- Revocations, exempt organizations (Ann 62) 30, 137; (Ann 69) 33, 183
- S corporations:
 - Charitable contributions, section 170(a)(2) (RR 43) 41, 333
 - Qualified Subchapter S Subsidiary Election, new Form 8869 available (Ann 83) 41, 348
- Schedule P (Form 1120-FSC), foreign sales corporations (Notice 49) 37, 266
- Separate return limitation year (SRLY) losses (Notice 53) 38, 293
- Short-term leases, qualified lessee construction allowances for (TD 8901) 38, 272
- Substitute forms, 1096, 1098, 1099, 5498, and W-2G, rules and specifications (RP 28) 27, 60
- Tax claims in bankruptcy court (CD 2068) 28, 109
- Tax conventions, Dutch pension plans, tax treaty benefits, Netherlands (Notice 57) 43, 389
- Tax shelters:
 - Avoidance using artificially high basis (Notice 44) 36, 255
 - Disclosure rules, registration and list maintenance requirements, additional guidance on (TD 8896) 36, 249; (REG–110311–98, REG–103735–00, REG–103736–00) 36, 258
- Telefile voice signature test:
 - Notice of proposed rulemaking withdrawn (Ann 68) 32, 161
 - Temporary regulations removed (TD 8892) 32, 158; correction (Ann 81) 41, 348
- Treaties:
 - Denmark, Publications 515 and 901 (Ann 59) 29, 120
 - Withholding rates, tax treaty benefits (TD 8889) 30, 124
- Trusts:
 - Certain pension, employee benefit, and certain investment trusts classified as domestic trusts (REG–108553–00) 44, 452
 - Definition of grantor (TD 8890) 30, 122
- Uniform capitalization applied to farming business (TD 8897) 36, 234; correction (Ann 88) 44, 460
- Withholding certificate, guidance for obtaining (RP 35) 35, 211

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